

Message Text

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42

ACTION AF-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 EB-07 COME-00 SS-15

CIAE-00 INR-07 NSAE-00 /060 W

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P R 021210Z NOV 76

FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC PRIORITY 2849

INFO AMEMBASSY ABU DHABI

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY PARIS

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E.O. 11652: N/A

TAGS: BGEN, BENC, BAGB, SU

SUBJECT: KENANA SUGAR PROJECT: ARKEL INTERNATIONAL

REF: STATE 266322 (NOTAL)

1. PLEASE INFORM JAMES H. GILL, ATTORNEY FOR ARKEL INTERNATIONAL, THAT EMBASSY HAS STRONG REASON TO BELIEVE THAT REPRESENTATIVES OF LONHRO DID HAVE MEETING WITH PRESIDENT NIMEIRI. HOWEVER, WE HAVE NO INFORMATION CONCERNING SUBSTANCE. MEANWHILE, THERE HAVE BEEN MANY STATEMENTS RECENTLY BY TOP GOS OFFICIALS INCLUDING NIMEIRI HIMSELF STRESSING IMPORTANCE OF KENANA AND FACT THAT PROJECT PROCEEDING WELL. NIMEIRI

HAS ALSO PUBLICLY PRAISED SAUDIS, KUWAITIS, BRITISH, FRENCH AND AMERICANS WITHOUT MENTIONING SPECIFIC FIRMS FOR THEIR ROLE IN KENANA.

2. EQUITY PARTNERS HAVE BEEN PUTTING SUBSTANTIAL PRESSURE ON LONHRO TO LIMIT COST OVERRUNS. LONHRO WILL BE IN DEFENSIVE POSITION AND SEEKING TO BLAME

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OTHERS FOR THEIR MANAGEMENT ERRORS. WE ARE

FOLLOWING DEVELOPMENTS OF KENANA PROJECT AS CLOSELY AS POSSIBLE. MAJOR DECISIONS ON PROJECT MANAGEMENT, PROCUREMENT AND OTHER SERVICES PROBABLY WILL BE MADE NEXT SEVERAL DAYS. WE HAVE COUNSELED ARKEL'S LOCAL REPRESENTATIVE TO ADVISE MAJOR EQUITY PARTNERS OF THEIR WELL DOCUMENTED EFFORTS TO CONTROL COSTS. WE SHALL CONTINUE MONITOR DEVELOPMENTS CLOSELY, PARTICULARLY AS THEY RELATE TO SUDANESE ATTITUDES TOWARD US COMPANIES.

3. COMMENT: LOCAL ARKEL MANAGER PAYNE AND WE AGREE THERE NO NEED FOR ACTIVE EMBASSY LOBBYING IN BEHALF OF ARKEL NOW. WE HAVE AGREED, HOWEVER, TO KEEP IN TOUCH WITH EACH OTHER, AND PAYMFE HAS INDICATED THAT HE MAY HAVE MORE INFO ON SITUATION IN NEXT WEEK OR SO. BREWER

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